

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

USSAGE NAKHON PHANOM

CINCPAC

COGARD POLAD

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

XMT AMEMBASSY SUVA

UNCLAS STATE 001274

E.O. 11652 N/A

TAGS: PFOR, XC, US

SUBJECT: JANUARY 3 EA PRESS SUMMARY

INDOCHINA

1. CORDDRY (SUN) QUOTES US INTELLIGENCE OFFICIALS THAT VC HAVE DECIDED TO FOREGO 1974 GENERAL OFFENSIVE AND INSTEAD CONCENTRATE ON UNDERMINING GVN THROUGH HARASSING ATTACKS SIMILAR TO THOSE INCREASINGLY MOUNTED IN RECENT WEEKS. SUCH ASSESSMENTS POINT OUT, HOWEVER, THAT HANOI'S INTENTIONS COULD CHANGE SUDDENLY IF IT DECIDES CURRENT STRATEGY IS UNPRODUCTIVE, AND ENOUGH FORCES AND SUPPLIES ARE IN SVN TO ENABLE UNCLASSIFIED

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MAJOR OFFENSIVE TO BE MOUNTED QUICKLY. FORECASTS ARE BASED ON RECENT COSVN DIRECTIVE SPELLING OUT YEAR'S GOALS AS MAINTAINING UNHINDERED SUPPLY ROUTE ALONG SVN BORDER FROM NVN TO DELTA, AND INTENSIFIED

ATTACKS ON SELECTED AREAS IN GVN TERRITORY. SAME INTELLIGENCE SOURCES QUOTE COSVN THAT MAJOR OFFENSIVE WOULD BE "POLITICALLY UNFAVORABLE" TO COMMUNIST SIDE. CORDDRY COMMENTS THAT THIS COULD SHOW RESPECT FOR ARVN AS WELL AS CONCERN ABOUT POPULAR REACTION TO HEAVY BLOODLETING.

2. VC URGE GVN RELEASE ALL MILITARY AND CIVILIAN PRISONERS BEFORE TET. SVN MILITARY SPOKESMAN SAYS GVN DELEGATION TO MILITARY COMMISSION "VERY OPTIMISTIC" ABOUT NEGOTIATIONS WITH VC FOR RELEASE OF PRISONERS DETAINED ON BOTH SIDES (UPI, NYT). GVN FORCES IN OFFENSIVE AGAINST HEAVY RESISTANCE IN ATTEMPT TO RETAKE BU BONG AND BU PRANG (CSM).

3. MCARTHUR (LAT, DEC. 29) WRITES FROM SAIGON THAT INFLATION NEARING 65 PERCENT ANNUAL RATE WITH NO DOWNTURN IN SIGHT; QUOTES EXPERTS THAT RECOVERY PROGRAM STARTED AFTER C-F THREATENED AND ADDS THAT MANY OBSERVERS BELIEVE HANOI'S PRESENT MAJOR GOAL IS TO KEEP GRINDING AWAY AT SVN'S ECONOMY. THROUGH MOST OF WAR INFLATION WAS HELD TO ABOUT 30 PERCENT, FIGURE CONSIDERED "MANAGEABLE" BY US EMBASSY EXPERTS. RECENT SPIRAL CAUSED BY ENERGY CRISIS, BUSINESS STAGNATION, EARLIER RICE CRISIS, ABSENCE OF EXPECTED FOREIGN AID, AND RECENTLY-PUBLISHED 1975 BUDGET THAT IS "HEAVILY DEPENDENT ON FOREIGN AID AND PRINTING PRESS MONEY." RANKING GVN OFFICIAL SEES THREE OPTIONS TO LOWER INFLATION TO 30 PERCENT RATE: MORE FOREIGN AID, MORE PRODUCTION, OR LESS GOVERNMENT SPENDING. GVN OFFICIALLY TRYING ALL THREE, BUT IN PRACTICE HOPING FOR MORE FOREIGN LOANS, THOUGH ALSO PUSHING EXPORTS. MCARTHUR COMMENTS THAT NATION CARRYING ON SURPRISINGLY WELL FOR MOMENT DESPITE RISING GRUMBLING, BUT LONG-RANGE PROBLEMS, SUCH AS OIL PRICE AND RICE SHORTAGE, LOOM LARGE.
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4. FANK COMMAND REPORTS GKR TROOPS RECAPTURE TOWN 42 MILES WEST OF PP AS BATTLE TO REOPEN ROUTE 4 TO KOMPONG SOM IS RENEWED (CSM; WP).

5. ARBUCKLE (S-N, 2 JAN.) REPORTS FROM VIENTIANE THAT US BEING BILKED OF HUNDREDS OF THOUSANDS OF DOLLARS IN AID FUNDS BY REFUGEES WHO SELL RICE HARVEST AND THEN COME TO US OFFICIALS FOR RICE TO EAT (AND MAY PERHAPS SELL SOME OF THAT, TOO). ARBUCKLE CREDITS DISCOVERY TO CORRESPONDENTS WHO SAW FINE CROP BEING PICKED UP FROM REFUGEE AREA AND WERE TOLD BY US OFFICIAL THAT RICE WAS "BEING PEDDLED. IN A FEW MONTHS THEY'LL BE COMING ROUND ASKING FOR EMERGENCY HELP WITH RICE BECAUSE THEY ARE SHORT." ARBUCKLE

QUOTES US SOURCES THAT REFUGEES HAD BEEN WARNED NOT TO SELL RICE CROPS BECAUSE OF US AID CUTS, BUT "THEY JUST SMILE, AGREE, AND SELL ANYWAY" SINCE THEY HAVE HEARD THREAT OF CUTOFF BEFORE AND IT HAS NEVER BEEN CARRIED OUT. US OFFICIALS ASCRIBE FAULT PARTLY TO USAID AND PARTLY TO GROUPS SUCH AS SEN. KENNEDY'S SUBCOMMITTEE. USAID IN VIENTIANE IS HEAVILY STAFFED, BUT FEW AMERICANS ARE IN FIELD TO CHECK-UP ON RLG DISTRIBUTION AND POSSIBLE CORRUPTION; AND ATTEMPTS TO CUT RICE DOLE STALLED BY WASHINGTON CHARGES -- PARTICULARLY BY KENNEDY SUBCOMMITTEE -- THAT US NOT DOING ENOUGH FOR REFUGEES. PRESENTLY, 161,000 PEOPLE RECEIVE US FOOD AID, DOWN FROM 300,000 IN PAST, AND MANY BELIEVE THAT AID WILL GO ON FOREVER SO ARE NOT BECOMING SELF-SUFFICIENT AND COULD FACE STARVATION WHEN US PULLS OUT.

CHINA

6. MEZUDUNARDONAYA ZHIZN CONTENTS PEKING LEADERSHIP HAS LONG PREFERRED TO DEAL WITH US RATHER THAN USSR AND SOCIALIST ALLIES. SAYS US-PRC TRADE EXPECTED TO REACH 900 MILLION DOLS IN '73, AND ACCUSES PRC OF DEPARTING FROM FIRM STAND ON TAIWAN AND GIVING DE FACTO RECOGNITION OF "TWO CHINAS." WHILE NOT BLAMING US FOR NORMALIZING RELATIONS, IT SAYS PRC UNCLASSIFIED

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WANTS TO USE RELATIONSHIP AGAINST USSR, "SEEKING TO INTRODUCE...ANTI-SOVIET, ANTI-SOCIALIST TENDENCIES" (NYT).

7. PRC EXPECTS BANNER YEAR FOR CHINA'S INDUSTRIAL AND AGRICULTURAL COMPLEX. REPORTS SAY "STATE TARGETS" FOR CRUDE OIL, GASOLINE AND OTHER OIL PRODUCTS WERE SURPASSED. CHINA-WATCHERS SEE PRC USING OIL AS POLITICAL DEVICE IN ASIA. 1973 GRAIN PRODUCTION TOPPED 250 MILLION TONS; FOR FIRST TIME CHINA SAYS IT PRODUCES MORE THAN IT CONSUMES (CASTRO, NYDN).

8. NCNA SAYS "IT IS WORTH NOTING THAT THE CARIBBEAN COUNTRIES HAVE BECOME INCREASINGLY AWARE OF IMPORTANCE OF UNITY" IN POLITICAL AND ECONOMIC MATTERS. CHARGES US HAD INFILTRATED ECONOMY OF AREA AND NOW USSR IS MOVING IN WITH "ULTERIOR MOTIVES" (REUTER, CSM).

9. STRAUSS REPORTS PRC WILL BEGIN ACCEPTING TOUR GROUPS IN MARCH; UNTIL NOW SHE HAS ONLY ACCEPTED "INTEREST GROUPS". ROYAL INTEROCEAN LINES DIRECTOR SAYS DUTCH SHIP, WITH MAINLY US PASSENGERS, WILL BE FIRST TO VISIT CHINA AS RESULT OF NEGOTIATIONS BEGUN IN APRIL. FRENCH LUXURY LINER "FRANCE" ALSO

SCHEDULED TO VISIT PRC IN EARLY MARCH. STRAUSS

REPORTS CHANGE IN POSITION IS SEEN AS SMALL VICTORY
BY PEKING MODERATE POLITICAL LEADERS (JOC; REUTER).

10. WP REPORTS RECENT ELECTIONS CONFIRM SOLID KMT
HOLD ON TAIWAN. EFFICIENT POLITICAL MACHINERY AND
25-YEAR-OLD "EMERGENCY" REGULATIONS GIVE GOVERNMENT
DECIDED ADVANTAGE OVER NEW CANDIDATES (WP).

JAPAN

11. OHIRA IS TO MEET CHOU AND FM CHI TODAY. IN
TRIP BILLED AS MOST SIGNIFICANT SINCE TANAKA WENT
TO PEKING IN 1972, HE IS SCHEDULED FOR FOUR-DAY
VISIT WHERE HE WILL SIGN NEW SINO-JAPANESE TREATY
AND ATTEMPT TO UNSNARL AIR SERVICE NEGOTIATIONS
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(UPI, NYDN; REUTER, NYT, SUN).

12. YASUKAWA SCHEDULED TO ADDRESS CONFERENCE SPONSORED
BY US-JAPAN TRADE COUNCIL, USDA AND NUMBER OF NW
STATES IN PORTLAND (ORE.) NEXT MONTH. CONFERENCE
TO FOCUS ON IMPORTANCE OF AGRICULTURAL TRADE WITH
JAPAN (UPI, JOC).

THAILAND

13. MEMBERS OF DRAFTING COMMITTEE APPEAR WITH SANYA
TO EXPLAIN MAIN PROVISIONS OF NEW CONSTITUTION ON
TV. TWO-CHAMBER PARLIAMENT WITH LOWER HOUSE ELECTED
BY UNIVERSAL SUFFRAGE ONE OF MAIN PROVISIONS OF
NEW CONSTITUTION (REUTER).

COMMENT AND ANALYSIS

14. CSM'S POND IN TOKYO SEES SK'S POLITICAL FERMENT
FOCUSING ON DEMAND FOR RESTORATION OF OLD CONSTITUTION.
PETITION CAMPAIGN WAS LAUNCHED CHRISTMAS EVE BY 30
SENIOR CIVIC AND RELIGIOUS LEADERS; CAMPAIGN ORGANIZERS
CLAIM TO HAVE GATHERED 30,000 SIGNATURES. ON DEC. 29,
PARK ATTACKED CAMPAIGN AS "SUBVERSIVE ACTIVITY" BY
REBELLIOUS ELEMENTS THAT ARE ENDANGERING NATIONAL
SECURITY AND CREATING SOCIAL UNREST. IN ANNUAL
NEW YEAR'S MESSAGE, PARK REPEATED OPPOSITION, BUT SO
FAR AS IS KNOWN, HAS NOT YET RESORTED TO ARRESTS TO
STOP PETITION MOVEMENT. THERE ARE NOW FEW EXTERNAL
INHIBITIONS TO DOMESTIC CRACKDOWN; KOREAN UN DEBATE
ENDED AND JAPANESE ECON AID IS FLOWING TO SK AGAIN
AFTER FOUR MONTHS' SUSPENSION FOLLOWING KIM DAE JUNG
KIDNAPPING. INTERNALLY, THERE APPEARS LITTLE TO

PREVENT ROKG FROM ARRESTING DISSIDENTS, EXCEPT MOOD. DISSIDENTS ARE CALCULATING THAT PARK WILL NOT WANT TO REINSTATE HARD LINE SOON AFTER HIS MONTH-OLD SOFT-LINE SHIFT AND ARE KEEPING THEIR CAMPAIGN SCRUPULOUSLY LEGAL IN PETITIONING PARK HIMSELF FOR CONSTITUTIONAL REVISIONS. ACCORDING TO CHANG JUN HA - FORMER NATIONAL ASSEMBLYMAN, FORMER WINNER OF MAGSAYSAY JOURNALISM AND LITERATURE AWARD, RECENT UNCLASSIFIED

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JAIL PRISONER, AND A LEADER OF PETITION MOVEMENT - PETITIONERS SEEK THREE CONSTITUTIONAL REVISIONS IN PARTICULAR: "POSITIVE GUARANTEE" OF INDIVIDUAL CIVIL RIGHTS, "SEPARATION OF GOVERNMENT POWERS," AND OPENING OF WAY FOR "PEACEFUL TRANSFER OF POWER."

15. WP'S GREENWAY IN HK REGARDS AS OF CONSIDERABLE POLITICAL IMPORTANCE REORGANIZATION INVOLVING PLA'S TOP LEADERSHIP. EIGHT OUT OF ELEVEN REGIONAL COMMANDERS WERE REMOVED FROM THEIR PROVINCIAL BASES OF POWER AND REASSIGNED TO OTHER AREA COMMANDS. SEVERAL REGIONAL COMMANDERS HAD SERVED IN THEIR POSTS SINCE 1950S AND THEIR POWER WAS VERY GREAT AND REPRESENTED POTENTIAL THREAT TO CENTRAL GOVERNMENT AUTHORITY. TRANSFERS ALSO SEEM DESIGNED TO REMOVE THESE MILITARY MEN FROM REGIONS WHERE THEY HAD ACQUIRED POWER OVER CIVILIAN AS WELL AS MILITARY BRANCHES OF STATE AND THEREBY LESSEN THEIR AUTHORITY. PLA ACQUIRED ENORMOUS POWER DURING GPCR, WHEN CCP WAS IN DISARRAY AND ARMY EMERGED AS ONLY FORCE CAPABLE OF RESTORING ORDER. WHEN CENTER FALTERED, POWER FLOWED TO REGIONS. SINCE THEN, HOWEVER, TREND HAS BEEN TOWARD RE-ESTABLISHING CENTRAL AUTHORITY, CIVILIAN CONTROL AND ROLL-BACK OF ARMY'S HOLD ON CHINA'S POLITICAL LIFE. GREENWAY COMMENTS THAT IF ARMY GENERALS LOST POWER IN SHUFFLE, THEY RETREATED IN GOOD ORDER; THERE IS NO WHIFF OF PURGE. THEY HAVE NOT BEEN DEMOTED OR FIRED; THEY SIMPLY SWITCHED JOBS WITH EACH OTHER. HOWEVER, IT IS UNLIKELY THAT ALL COMMANDERS WILL AUTOMATICALLY BE GIVEN TOP POLITICAL JOBS IN THEIR NEW PROVINCES, AND CHINA-WATCHERS WILL BE WAITING TO SEE WHO WILL FILL POLITICAL POSTS THEY FORMERLY OCCUPIED. THINKS IT SIGNIFICANT THAT NONE OF THREE REGIONAL COMMANDERS WHO HAVE NOT BEEN SWITCHED HOLDS TOP POLITICAL JOB IN RESPECTIVE PROVINCES. OBSERVES THAT HK EXPERTS ARE NOT CLEAR ON HOW MILITARY SHUFFLE WILL EFFECT APPARENT POLITICAL STRUGGLE BETWEEN THOSE ASSOCIATED WITH CHOU'S MODERATE POLICIES AND MORE RADICAL MINORITY WHO ATTACK THEM. ROLLBACK OF PLA'S INFLUENCE IN POLITICS AND RE-ESTABLISHMENT OF CIVILIAN SUPREMACY WITHIN CCP IS JUST AS MUCH CHOU'S POLICY AS IT IS TENET OF RADICAL LEFTISTS. ONE UNCLASSIFIED

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CAN SPECULATE THAT SHIFT AND OPENING OF POLITICAL POSITIONS IN PROVINCES AT LEAST GIVE LEFTISTS CHANCE TO IMPROVE THEIR POSITION AND THEIR INFLUENCE. BUT ANY DIMINUTION OF REGIONAL POWER BENEFITS CHOU. NOTES SPECULATION THAT RESHUFFLING MAY BE TIMED TO SOVIET PREOCCUPATION WITH ME.

16. S-N'S BRADSHER (JAN. 2) IN HK SEES RESHUFFLING OF PRC REGIONAL MILITARY COMMANDERS AS MOVE TO WEAKEN OPPOSITION TO MAOIST RADICALS WHO ARE DEVELOPING NEW ATTACK ON CONSERVATIVES. NOTES THAT NCNA DISCLOSURE OF SHIFTS WAS FOLLOWED BY PUBLICATION OF MAJOR POLICY STATEMENT IN FORM OF NEW YEAR'S EDITORIAL OF THREE LEADING PUBLICATIONS. ACCORDING BRADSHER, EDITORIAL INDICATED SHIFT IN PEKING POWER BALANCE, WITH RADICALS GETTING STRONGER AFTER MONTHS OF INTENSIFYING POLEMICS BETWEEN THEM AND CHOU'S ESTABLISHMENT. AND MAO APPEARS TO BE IN DISAGREEMENT WITH CHOU'S PRAGMATIC MANAGEMENT. BY PRAISING GPCR, EDITORIAL STRENGTHENED SIGNS THAT CHINA IS MOVING TOWARD ANOTHER SUCH ASSAULT ON THOSE WHO PUT PRACTICAL RESULTS AHEAD OF MAO'S IDEOLOGICAL CONVICTIONS.

17. SUN'S ISAACS IN HK, LIKE GREENWAY, COMMENTS THAT MILITARY SHIFT DID NOT INDICATE PURGE. SAYS SHAKE-UP MAY RESULT IN RELATIVE STRENGTHENING OF CENTRAL CP AND MILITARY AUTHORITIES IN PEKING, ESPECIALLY IF POSTS OF DEFENSE MINISTER AND CHIEF OF STAFF - BOTH VACANT FOR NEARLY TWO AND A HALF YEARS - ARE FILLED. CONSIDERS MOST SIGNIFICANT REASSIGNMENTS TO BE THOSE INVOLVING REGIONAL COMMANDS IN MANCHURIA, WHERE CHINA AND USSR FOUGHT SHARP BATTLES IN 1969, AND PEKING. MANCHURIA COMMAND HEADQUARTERED IN SHENYANG, WENT TO LI TEH-SHENG, ONE OF FIVE VICE-CHAIRMEN OF CCP. FORMER SHENYANG COMMANDER, CHEN HSI-LIEN, TAKES OVER PEKING MILITARY REGION. CHEN'S TRANSFER INDICATES HE MAY BE IN LINE FOR DEFENSE MINISTRY. BY CHANGING LONG-ENTRENCHED COMMANDERS, PRC LEADERSHIP MAY HAVE BEEN DEMONSTRATING THAT IT WOULD NOT PERMIT "WARLORDISM" REVIVAL. SPECULATES THAT SHUFFLE MAY INDICATE THAT CHINESE LEADERSHIP IS PREPARING FOR NPC, WHICH WAS SUPPOSED TO FOLLOW "SOON"

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AFTER LAST AUGUST'S PARTY CONGRESS. ISAACS, GREENWAY AND BRADSHER SPECIFY CHANGES IN REGIONAL COMMANDS.

18. HEARST'S KINGSBURY SMITH (BALTO. N-A, DEC. 26; BOSTON H-A, DEC. 28) IN ROME COMMENTS THAT WITHIN NEXT DECADE OR TWO, CHINA MAY FREE JAPAN AND OTHER ASIAN

NATIONS FROM DEPENDENCE ON ME OIL. RECALLS THAT DURING HIS PEKING VISIT HE WAS INFORMED THAT LAST YEAR PRC PRODUCED MORE THAN 30 MILLION TONS OF OIL; PRODUCTION INCREASED FIVE-FOLD DURING PAST 12 YEARS AND EXPECTED TO REACH 45 MILLION TONS NEXT YEAR. PRC ALREADY EXPORTING OIL TO HK AND ALLOWING SOME TO BE RE-EXPORTED TO TAIWAN. PEKING'S INTEREST IN DEVELOPING REPORTEDLY

IMMENSE OFF-SHORE RESERVES INDICATES IT IS THINKING OF USING OIL RESOURCES TO ENHANCE ITS INFLUENCE ABROAD, ESPECIALLY IN ASIA. IF CHINA COULD MEET JAPAN'S OIL NEEDS, IT MIGHT EVENTUALLY LEAD JAPAN TO ALIGN ITSELF WITH PRC. RECENT BLACKMAIL TACTICS APPLIED AGAINST JAPAN BY ARAB OIL-PRODUCING NATIONS HAS MADE JAPAN EAGER TO FIND ANOTHER SOURCE OF ENERGY. PHILS AND SINGAPORE WERE ALSO VICTIMS OF ARAB BLACKMAIL.

19. LAT'S ELEGANT IN HK (DEC. 30) DETECTED SIGNS OF RECONCILIATION BETWEEN LEFTISTS UNDER CHIANG CHING AND MAO, AND PRAGMATISTS OF CHOU IN EARLY DECEMBER. AT THAT TIME, MAO, WHO HAD NOT BEEN SEEN IN PUBLIC FOR SOME TIME, MADE THREE APPEARANCES IN SUCCESSION WITH CHOU. ALSO, SINCE THEN, THERE HAS BEEN NOTABLE DIMINUTION IN TWO "CAMPAIGNS" LEFTISTS WERE WAGING AGAINST PRAGMATISTS. BOTH "ANTI-CONFUCIUS CAMPAIGN" AND "MOVEMENT AGAINST THE TIDE" HAVE BEEN SOFT-PEDALLED SO GREATLY THAT FOR LAST THREE WEEKS THEY HAVE BEEN ALMOST INAUDIBLE. TRUCE COULD BE TEMPORARY, AND INDEED RUTHLESS STRUGGLE IS ALMOST CERTAIN TO FOLLOW MAO'S DEMISE. BUT, FOR MOMENT, CONTENDING FACTIONS APPEAR TO HAVE BURIED THEIR DIFFERENCES IN NATIONAL INTEREST. NOTES, HOWEVER, THAT PROVINCIAL RADIO STATIONS AND PUBLICATIONS, AS WELL AS ORGANS OF CENTER, STILL REFER TO "STRUGGLE BETWEEN THE TWO LINES."

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20. GLOBE AND MAIL'S JOHN BURNS (NYT), IN HARBIN COVERING GAMES TO BE PLAYED BY TOURING UNIVERSITY OF BRITISH COLUMBIA HOCKEY TEAM, DESCRIBES CITY AS RETAINING VESTIGES OF RUSSIAN INFLUENCE.

21. FROM TAIPEI, LAT'S ELEGANT (DEC. 31) CHARACTERIZES SINO-AMERICAN QUASI-ALLIANCE AS SELF-PROVING AGREEMENT. SAYS NEITHER PEKING NOR WASHINGTON MADE HARD COMMITMENTS MORE FAR-REACHING THAN AGREEMENT TO TALK TOGETHER AND WORK TOGETHER TOWARD MUTUALLY-BENEFICIAL GOALS, SUCH AS PRESERVATION OF PEACE THROUGH BALANCE OF WORLD POWER AND EXPANDING SINO-US ECON RELATIONS. IN EFFECT, EACH STEP TAKEN TOGETHER WILL BE TESTED TO SEE WHETHER IT WORKS - AND ONLY AFTER PAUSE WILL THE NEXT STEP BE ESSAYED. RELATIONSHIP WILL THUS, IN PRACTICE, SHAPE

ITSELF. MOST REVEALING TOUCHSTONE OF QUASI-ALLIANCE IS TAIWAN, WHERE PEKING AND WASHINGTON CLEARLY RECOGNIZE IMPERATIVES OPERATING ON THE OTHER. EACH TRYING TO MINIMIZE THOSE DIFFICULTIES, SINCE EACH IS DETERMINED NOT TO LET TAIWAN ISSUE INTERFERE WITH GREATER PURPOSES OF QUASI-ALLIANCE. PEKING'S ATTITUDE IS STRIKINGLY COOPERATIVE, THERE IS NO COMPULSION ON US TO HASTEN UNDULY REVERSION OF TAIWAN TO PRC RULE. US IS CLEARLY EXERTING NO IMMEDIATE PRESSURE ON TAIWAN TO NEGOT WITH PEKING - RESTRAINT THAT MUST HAVE PEKING'S TACIT APPROVAL. INDEED, US HAS GONE OUT OF ITS WAY TO ASSURE GRC THAT IT IS NOT APPLYING PRESSURE. RECENT REJECTION OF APPLICATION OF EXPORT-IMPORT BANK CREDIT FOR INDUSTRIAL PLANT IN TAIWAN WAS ACCOMPANIED BY EXCEEDINGLY DETAILED EXPLANATION COINED ENTIRELY IN ECON TERMS. IF US WISHED TO SIGNAL ROC SUBTLY, THERE WOULD HAVE BEEN NO SUCH ACCOMPANYING NOTE. PRIVATE EXPLANATIONS FROM US SOURCES OF PRESENT TRANSITIONAL SINO-US UNDERSTANDING ON TAIWAN HAVE CLEARLY DEMONSTRATED PEKING'S FOREBEARANCE. PREVIOUSLY, PEKING WANTED SPECIFIC AND DETAILED ACTS TOWARD RETURNING ISLAND, WHILE NOW AFFIRMATION OF BASIC PRINCIPLE OF "ONE CHINA" IS CONSIDERED SUFFICIENT. CHINESE TEXT OF PUBLISHED AGREEMENT IS MARGINALLY LESS PRESSING THAN EVEN MILD ENGLISH TEXT. DIFFERENCES ARE SLIGHT, BUT PRESENT BASIS OF SINO-US RELATIONSHIP UNCLASSIFIED

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IS THE FINE NUANCE. PERMANENT, MUTUALLY BENEFICIAL AND EFFECTIVE COOPERATION MUST SPRING FROM STEP-BY-STEP "SELF-FORMULATION" OF RELATIONSHIP. KNOWING WHAT ISSUES TO AVOID AS IMPORTANT AS KNOWING WHICH TO ATTACK.

22. GLOBE AND MAIL'S JOHN BURNS IN CHANGCHUN (WP JAN. 3) VISITS STUDIOS WHICH, ACCORDING TO LIU RU, VICE-CHAIRMAN OF THE REVOLUTIONARY COMMITTEE, TURN OUT FILMS "TO SERVE THE WORKERS, PEASANTS AND SOLDIERS," NOT "TO CHASE AFTER SO-CALLED BOX OFFICE HITS" AS IN PAST. STUDIOS PRODUCED MORE THAN 20 FEATURES IN 1959, BUT PRODUCTION FELL OFF PROGRESSIVELY UNTIL OUTBREAK OF GPCR WHEN FILMING STOPPED. FOR FOUR YEARS, ALL CREATIVE PERSONNEL WERE DISPATCHED TO LABOR IN COUNTRY. EVERYONE ELSE REMAINED ON JOB, HOLDING POLITICAL MEETINGS OR DOING MAINTENANCE WORK. THEN, WITH LIFE RETURNING TO NORMAL, CREATIVE PEOPLE WERE RETRIEVED FROM FARM AND FILMMAKING RESUMED UNDER NEW SET OF PROLETARIAN GUIDELINES. THREE YEARS LATER, OFFICIALS ADMIT THINGS STILL NOT COMPLETELY NORMAL; BU WITH THREE FEATURE FILMS IN CAN FOR THE YEAR - AGAINST PRE-GPCR AVERAGE OF 12 - THEY FEEL PERIOD OF "EXPERIMENTATION" IS COMING TO CLOSE. DIRECTOR

OF "GREEN PINE RIDGE," 100-MINUTE FEATURE ABOUT DEMOBILIZED SOLDIER WHO IS ASSIGNED TO PEASANT VILLAGE AND TEAMS UP WITH YOUNG ZEALOTS TO DEFEAT NEFARIOUS SCHEMES OF CAPITALIST CART-OWNER WHO PUTS HIS OWN INTERESTS AHEAD OF COLLECTIVE'S, IS LIU KUO-CHUAN. HE WAS SHANGHAI DIRECTOR BEFORE 1949, AND, WITH "GREEN PINE RIDGE," WILL HAVE TOTAL OF 59 FILMS TO HIS CREDIT - INCLUDING ONE THAT EARNED HIM 18-MONTH STINT IN PEASANT LABOR DURING GPCR. HE WAS SEVERELY CRITICIZED FOR FILM ("THE BANQUET AT SAN KUAN") HE MADE IN EARLY 1960S. SUNG DYNASTY EPIC FEATURING COURT LIFE, AND "REACTIONARY" HERO, FILM BECAME CAUSE CELEBRE OF RED GUARD MOVEMENT, BUT TODAY LIU IS BACK BEHIND CAMERAS, PROFESSEDLY WISER MAN.

23.JACK ANDERSON (WP) SAYS SECRETARY AND THO (TOWHOM HAK REFERS, IN PRIVATE, AS "DUCKY") EXCHANGED UNCLASSIFIED

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FRIENDLY REMINISCENCES BUT "MADE NO DIPLOMATIC HEADWAY" IN THEIR LATEST PARIS GET-TOGETHER. CONTENTS HAK "IS RELYING UPON HANOI'S UNCERTAINTY" ABOUT PRES. TO KEEP NVN FROM UNLEASHING OFFENSIVE; "INTELLIGENCE REPORTS SAY THE HANOI HIERARCHY CONSIDER THE PRESIDENT UNPREDICTABLE AND ARE UNCERAIN HOW HE WOULD REACT."

24. RICHARD WILSON PREDICTS THAT DESPITE NIXON'S "REDUCED POLITICAL CIRCUMSTANCES," IN 1974 HE WILL AIM AT PREVENTING RENEWAL OF VN OPEN AND FRONTAL WARFARE, WHILE PUSHING FOR OPENING OF FORMAL DIPLOMATIC RELATIONS WITH PRC (S-N, DEC. 31).

25. ANDERSON CONTENTS AMB. GREEN "HAS BEEN CALLED HOME FOR AN EXTENDED STAY," REASON FOR DOS'S "IRRITATION" BEING CAIRNS' "ANTI-AMERICAN REMARKS." SAYS HIS DOS SOURCES BELIEVE US "HAS BECOME OVER-SENSITIVE AND, THEREFORE, OVER-REACTED" (WP).

26. LAT'S JACK FOISIE IN JAKARTA (DEC. 30) OBSERVES THAT INDONESIA HAS EMERGED FROM VIRTUAL BANKRUPTCY DECADE AGO TO POINT WHERE ALL ECON INDICATORS ARE FAVORABLE. NOTES, HOWEVER, THAT BOOM IS MOSTLY ON SURFACE WITH FEW BENEFITS SPREADING TO COUNTRYSIDE AND INTELLECTUALS AND STUDENTS ARE EXPRESSING NEW CONCERN OVER INDONESIAN DEPENDENCE ON FOREIGN INVESTMENT AND AID FROM FOREIGN GOVERNMENTS. CITES FORMER VP HATTA AS SAYING IF TREND CONTINUES IT WOULD CAUSE "ECONOMIC COLONIZATION," THAT FOREIGN INVESTORS WITH THEIR MODERN TECHNOLOGY WERE SQUASHING DOMESTIC ENTERPRISE AND GIVING INDONESIAN SMALL-TIME CAPITALISTS INFERIORITY COMPLEX. THERE ARE DEMANDS ON SUHARTO TO INSIST THAT FORIEGN COMPANIES TRAIN

LOCAL PEOPLE TO TAKE OVER BUSINESS EVENTUALLY.
CITES US BUSINESSMAN AS ASKING: "WHERE IN INDONESIA
CAN YOU GET PEOPLE WITH ENOUGH SAVVY TO BECOME MANAGEMENT
TRAINEES?" FOISIE SAYS SOURCE'S APPRAISAL HAS BASIS,
COMMENTING THAT INDONESIA'S EFFORTS TO PROVIDE
SATISFACTORY EDUCATION AND TRAINING IN TECHNICAL
SKILLS HAVE BEEN PUNY. RUSH

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TAGS: PFOR, XC, US
To: SAIGON INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
USSAGE NAKHON PHANOM
CINCPAC
COGARD POLAD
BIEN HOA
CAN THO
DANANG

HONG KONG
NHA TRANG
JEC PARIS
XMT SUVA

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005